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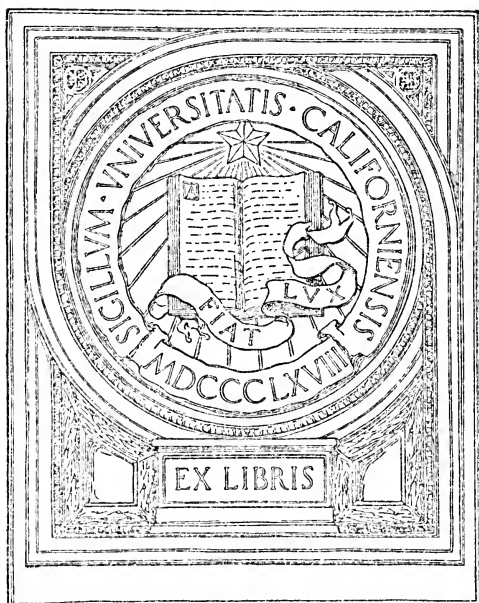
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PUBLIC SERVICE COMMISSION

FOR THE

FIRST DISTRICT

RULES ADOPTED

FOR

CHIEF ENGINEER'S DETERMINATION OF COSTS

OCTOBER 17, 1913

TO YOU
ALWAYS

RULES FOR THE CHIEF ENGINEER'S DETERMINATIONS OF COSTS
UNDER CONTRACT NO. 3 AND CONTRACT NO. 4 AND
THE RELATED CERTIFICATES.

(I) The determinations of the Engineer are to be compiled under the supervision of the Deputy Engineer of Subway Construction, by the Estimates Division, from Statements of Costs covering the various items making up such costs.

The Costs referred to are the Cost of Construction and Cost of Equipment classified under the several groups mentioned in the contracts and the related certificates; as for example:

Cost of Construction of the Railroad.

Cost of Equipment of the Railroad.

Reconstruction of existing railroads for initial operation:

Cost of Construction.

Cost of Equipment.

Additional Track Certificates:

Actual cost of plant and structure.

Actual cost of Equipment.

Cost of construction of additions:

Cost of additional equipment.

Etc., etc., etc.

Under each of the above groups the charges shall be further classified according to the items mentioned in the definitions of Cost of Construction and Cost of Equipment; as for example:

Labor and materials.

Real estate.

Debt discount and expense.

Etc., etc., etc.

(II) Such statements of Costs are to be prepared and certified to by the following bureaus and divisions of the Public Service Commission:

(A) Equipment Inspection Bureau.

This bureau will certify to all Equipment charges with respect to (1) Labor and materials, (4) or (5) Lessee's superintendence, engineering, etc. (allocated and unallocated), and Interest, Taxes, etc., susceptible of allocation to and chargeable to any specific

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Equipment item in accordance with the Uniform System of Accounts.

The bureau will assign and check Specific Authorizations to the Company covering any Equipment work, as hereinafter described.

(B) Estimates Division.

This division will certify to construction charges of the Railroad (not otherwise specifically provided for) with respect to (1) Labor and materials, (4a) City's superintendence, engineering, etc. (Engineering Department salaries, and disbursements), (5) Lessee's superintendence, engineering, etc., in connection with the above Railroad construction charges (allocated and unallocated), and Interest, Taxes, etc., susceptible of allocation to and chargeable to any specific Construction item in accordance with the Uniform System of Accounts.

This division will assign and check Specific Authorizations to the Company covering the charges designated (5) above, as hereinafter described.

(C) Statistical Bureau.

This bureau will certify to all Construction and Equipment charges with respect to (3) Debt discount and expense, (4), (5) or (6) Taxes, and (4), (6) or (7) Interest, which are not susceptible of allocation to and chargeable to a specific item in accordance with the Uniform System of Accounts.

This bureau will assign and check Specific Authorizations to the Company covering all the above charges, as hereinafter described.

(D) Real Estate Bureau.

This bureau will certify to all Construction and Equipment charges with respect to (2) Real Estate.

This bureau will assign and check Specific Authorizations to the Company covering all such real estate charges, as hereinafter described.

(E) Third Division.

This division will certify to all construction charges in connection with the additional track and extension certificates of the Interborough Rapid Transit Company, with respect to (1) Labor and materials, (5) Lessee's superintendence, engineering, etc. (allocated and unallocated), and Interest, Taxes, etc., susceptible of allo-

cation to and chargeable to any specific item of such Construction charges in accordance with the Uniform System of Accounts.

This division will assign and check Specific Authorizations to the Company covering all the above charges, as hereinafter described.

(F) Sixth Division.

This division will certify to all construction charges in connection with the additional track and extension certificates of the New York Municipal Railway Corporation, with respect to (1) Labor and materials, (5) Lessee's superintendence, engineering, etc. (allocated and unallocated), and Interest, Taxes, etc., susceptible of allocation to and chargeable to any such specific construction item in accordance with the Uniform System of Accounts.

This division will assign and check Specific Authorizations to the Company covering all of the above charges, as hereinafter described.

As the exigencies of the work may require there may be other divisions or bureaus to which responsible charge will be assigned, in which case such divisions or bureaus will assign and check the Specific Authorizations to the Company covering such work coming under their supervision.

(S) Secretary of the Commission.

The Secretary will certify to all construction charges with respect to (4b) the Commission's salaries, disbursements, expenses, etc. The Secretary will not have any direct supervision over any Company expenditures. He therefore will not be required to assign Specific Authorizations.

(III) The Company shall make an application to the Chief Engineer of the Commission for a General Authorization to proceed with any complete project, and a General Authorization to cover such work; such as, for example, the Broadway-Myrtle Avenue connection under the New York Municipal Railway Corporation contract.

The Company shall also make an application for Specific Authorization number to cover the details of the work under General Authorization; that is, whenever any work is contemplated which will involve payments, credits, compensations or concessions of whatsoever character having in any way to do with the Cost of Construction or the Cost of Equipment, whether the making of surveys, preparation of plans, specifications, etc., or actual construc-

tion or equipment of physical property, the Company shall submit an application to the head of the bureau or division of the Commission in charge of the supervision of the class of work involved, in accordance with the foregoing subdivisions of responsibility, for a Specific Authorization number against which to charge the cost of such work. An application shall also be submitted for a Specific Authorization number by which to identify Company payments or credits necessary on account of Interest, Taxes, etc., which are not susceptible of allocation to any specific work undertaken. All of these applications shall be submitted in triplicate on the approved forms.

It is proposed that costs shall be determined so as to conform to the requirements of Contracts 3 and 4 and the certificates, and also to conform to the requirements of the Uniform System of Accounts. Therefore to the end that charges may be classified as required by the Uniform System of Accounts, no Specific Authorization number shall include more than one account.

Under each such Specific Authorization, however, payments, credits, compensations or concessions of whatsoever character having in any way to do with the Cost of Construction or the Cost of Equipment must be sufficiently described and subdivided so as to permit readily the classification according to Labor and materials, Real Estate, etc., etc., or according to the items mentioned in the definitions of the Cost of Construction and the Cost of Equipment in the contracts and related certificates. Article XXV of the Contracts provides that the Commission may from time to time adopt regulations as to the forms of vouchers and payrolls which the Lessee shall strictly comply with, to the end that cost data can at all times be promptly and accurately determined and the property identified. These rules and schedules indicate the forms of such vouchers, etc., in compliance with such Article. No such payment, credit, compensation, etc., will be determined to be a part of the Cost of Construction or Cost of Equipment unless sufficiently described and subdivided as prescribed above in accordance with such rules and schedules.

Under each General Authorization there shall be as many Specific Authorizations as may be necessary to classify the work according to the Uniform System of Accounts, and in addition each account may be subdivided into such separate Specific Authorizations as the conditions and character of the work may require. The

cost under such Specific Authorization in turn will be subdivided as hereinbefore described, so as to cover the cost items in accordance with the definitions of the Cost of Construction and the Cost of Equipment under the Contracts and certificates. Thus, each Specific Authorization will form the basis of the determinations and certifications in detail by the bureaus and divisions to which the responsibility therefor is assigned. Consequently, the Engineer's determinations will be compiled from the Specific Authorizations; that is to say, the Specific Authorizations become the foundation for the whole system of determination.

The segregation of all the like Specific Authorizations under the Uniform System of Accounts classification will produce a determination in accordance with the Uniform System of Accounts.

Likewise, the segregation of all the like items of the Specific Authorizations, subdivided in accordance with the definitions under the contracts and certificates, will produce the Engineer's determination in accordance with the contracts and certificates.

In order to facilitate the checking of charges by the proper bureau or division, at least once a month the Company shall submit a detailed statement of the charges or credits incurred under each of the provisions of the contract and the certificates for each classification of such charges.

(IV) Applications for General Authorizations shall be addressed to the Chief Engineer of the Commission and sent direct to him.

Applications for Specific Authorizations shall be addressed to the Chief Engineer, but must be sent to the head of the bureau or division who is to assign and check such Specific Authorization. Such bureau or division head after assigning a number to the Specific Authorization and checking it, must forward the same to the Chief Engineer for his signature and return to the Company.

Specific Authorizations will be numbered in series by each bureau or division with the identifying letter of such bureau or division preceding the serial number; thus, A201, A210, etc., for the Bureau of Equipment Inspection, C300, etc., for Statistical Bureau, etc., etc.

The Statements of Costs classified and distributed by groups and subdivisions in accordance with the contracts and certificates,

Table I for the Interborough Rapid Transit Company,
Table II for the New York Municipal Railway Corporation,

are attached hereto. For the sake of brevity and convenience, the groups and subdivisions are merely indicated in these tables. It is understood that the exact language of the Contracts and Certificates indicates the details of the several classifications.

If in order to conform with the requirements of its organization, the Company desires to use another designation such as "Job Number," "Work Order Number" or "Authorization Number" for the work contemplated, it may do so and assign such work order numbers or job numbers as may from time to time be necessary. In no case, however, shall work under more than one "specific authorization" issued by the Commission be included under one Company job or work order. Furthermore, reference shall be made under such Company designation to the Specific Authorization number of the Commission and on the application to the Commission for such Specific Authorization, reference shall be made to the Company designation.

Adopted by Resolution of the Public Service Commission for the First District, October 17, 1913.

TABLE I.

GROUP AND SUBDIVISION DISTRIBUTION OF COSTS—INTERBOROUGH RAPID
TRANSIT COMPANY.

I. For the Interborough Rapid Transit Company—Contract 3—Distri-
bution of Costs by Groups and Subdivisions will be

For the Railroad and the physical connections with the
Existing Railroads for Initial Operation:

(IA) Cost of Construction.

(Article II-17)

1. Labor and Materials.....B
2. Real EstateD
3. Debt Discount and Expense.....C
4. City's Superintendence, Engineering, Etc.
 (a) Engineering Department,
 Salaries and Disbursements.....B
 (b) Commission's Salaries, Disbursements
 and Expenses, Etc.....S
5. Lessees' SuperintendenceB
6. TaxesC
7. InterestC

(IB) Cost of Equipment.

(Article II-18)

1. Labor and Material.....A
2. Real EstateD
3. Debt Discount and Expense.....C
4. Superintendence, Engineering, Etc. (Lessees).A
5. TaxesC
6. InterestC

II. For the Existing Railroads

(ICc) Cost of Construction:

1. Labor and Materials.....E
2. Real EstateD
3. Debt Discount and Expense.....C
4. City's Superintendence, Engineering, Etc.
 (a) Engineering Department,
 Salaries and Disbursements.....B
 (b) Commission's Salaries, Disbursements
 and Expenses, Etc.....S
5. Lessees' SuperintendenceE
6. TaxesC
7. InterestC

(ICq) Cost of Equipment:

1. Labor and Material.....A
2. Real EstateD
3. Debt Discount and Expense.....C
4. Superintendence, Engineering, Etc. (Lessees) .A
5. TaxesC
6. InterestC

III. For the Interborough Rapid Transit Company—Certificates—the Distribution of interests by groups and subdivisions will be—

For the 2nd, 3rd and 9th Ave. Additional Tracks—Certificate (Article X)

(IDc) The Actual Cost of Plant and Structure:

1. Labor and Materials.....E
2. Real EstateD
3. Debt Discount and Expense.....C
4. Taxes and Interest.....C
5. Superintendence, Engineering, etc.
(Manhattan Company)E

(IDq) Actual Cost of Equipment:

1. Labor and Material.....A
2. Real EstateD
3. Debt Discount and Expense.....C
4. Taxes and InterestC
5. Superintendence, Engineering, etc.
(Manhattan Company)A

For the Webster Avenue Line, 8th Ave. and 162d St. Connection Queensboro Bridge Line and West Farms Subway Connection—Certificate—

(Article XI)

(IEc) Actual Cost of Plant and Structure:

1. Labor and Materials.....E
2. Real EstateD
3. Debt Discount and Expense.....C
4. Taxes and InterestC
5. Superintendence, Engineering, etc.
(Manhattan Company)E

(IEq) Actual Cost of Equipment:

1. Labor and Material.....A
2. Real EstateD
3. Debt Discount and Expense.....C
4. Taxes and InterestC
5. Superintendence, Engineering, etc.
(Manhattan Company)A

The Engineer is not required under the certificates to make determinations in accordance with the foregoing groups and subdivisions in this Article III but in Article IX of the Interborough 3rd Track Certificate and in Article X of the Interborough Extension and Connection Certificate it is provided that the Commission shall have full supervision over all Costs under the Certificates, therefore it is proposed to prescribe the same regulations for the control of such Costs as are required where determinations are provided for under the contracts.

IV. In order to provide for a convenient, uniform and simple means of expansion, letters shall be used after the primary group designations as follows:

A to denote Additions.
 X " " Extensions.
 R " " Replacements.

By means of these three letters in connection with the primary group designations any classification can be provided, as, for example:

For Additions:

IAA—The Railroad.....	Cost of Construction
IBA	Cost of Equipment
ICcA—Existing Railroads.....	Cost of Construction
ICqA	Cost of Equipment

In the case of the prefixes to the above items in I, II, III, "I" stands for "Interborough" and the second letter identifies the Group. The small numbers under each group correspond to the subdivision numbers in Sections 14 and 15 of Article II of the Contract wherein the particular item is defined, for example, 1A2 means the Cost of Real Estate forming a part of the Cost of Construction of the Railroad under the Interborough Contract, or Contract 3.

V. For the Interborough Rapid Transit Company the Distribution by Lines will be:

Seventh Avenue—Lexington.

1. (a) Seventh Avenue Branch.
1. (b) Lexington Avenue Branch.
2. Eastern Parkway.
3. Steinway Tunnel.
4. White Plains Road.
5. Park Ave.-Lex. Ave. Connection.
6. Seventh Ave.-Broadway Connection.
7. Contract No. 1.
8. Contract No. 2.
9. Second Ave. additional track.
10. Third Ave. additional track.
11. Ninth Ave. additional track.
12. Webster Avenue.
13. Eighth Avenue and 162d St. Connection.
14. Queensboro Bridge.
15. West Farms Subway Connection.

VI. Cost Groups	Apply to Lines
IA	} 1a, 1b, 2, 3, 4, 5, 6.
1B	
ICc	} 7, 8.
ICq	
IDc	} 9, 10, 11.
IDq	
IEc	} 12, 13, 14, 15.
IEq	

TABLE II.

GROUP AND SUBDIVISION DISTRIBUTION OF COSTS—NEW YORK MUNICIPAL RAILWAY CORPORATION.

I. For the New York Municipal Railway Corporation—Contract 4—Distribution of Costs by Groups and Subdivisions will be:

For the Railroad for Initial Operation:

*(MA) Cost of Construction.

(Article II-14)

1. Labor and Materials.....B
2. Real EstateD
3. Debt Discount and Expense.....C
4. City's Superintendence, Engineering, Etc.
 - (a) Engineering Department,
Salaries and Disbursements.....B
 - (b) Commission's Salaries, Disbursements
and Expenses, Etc.....S
5. Lessees' SuperintendenceB
6. TaxesC
7. InterestC

(MB) Cost of Equipment.

(Article II-15)

1. Labor and Materials.....A
2. Real EstateD
3. Debt Discount and Expense.....C
4. Superintendence, Engineering, Etc.
 - (Lessee)A
5. TaxesC
6. InterestC

*Prefix "M" indicates New York Municipal Railway Co., and following lettering the group class.

II. For the Reconstruction of the Existing Railways for Initial Operation.

(MCc) Cost of Construction :

(Article XIII)

1. Labor and Materials.....F
2. Real EstateD
3. Debt Discount and Expense.....C
4. City's Superintendence, Engineering, Etc.
 - (a) Engineering Department,
Salaries and Disbursements.....B
 - (b) Commission's Salaries, Disbursements
and Expenses, Etc.....S
5. Lessees' SuperintendenceF
6. TaxesC
7. InterestC

(MCq) Cost of Equipment :

(Article XIII)

1. Labor and Materials.....A
2. Real EstateD
3. Debt Discount and Expense.....C
4. Superintendence, Engineering, Etc.
 - (Lessees)A
5. TaxesC
6. InterestC

III. For the Broadway, Fulton Street and Myrtle Ave. Additional Tracks
—Certificates.

(MDc) Actual Cost of Plant and Structure :

(Article IX)

1. Labor and Materials.....F
2. Real EstateD
3. Debt Discount and Expense.....C
4. TaxesC
5. Superintendence, Engineering, Etc.
 - (Lessees)F
6. InterestC

(MDq) Actual Cost of Equipment :

(Article IX)

1. Labor and Materials.....A
2. Real EstateD
3. Debt Discount and Expense.....C
4. TaxesC
5. Superintendence, Engineering, Etc.
 - (Lessees)A
6. InterestC

For the Jamaica and Liberty Avenue Extensions—Certificate.

(MEc) Actual Cost of Plant and Structure:

(Article IX)

1. Labor and Materials.....F
2. Real EstateD
3. Debt Discount and Expense.....C
4. TaxesC
5. Superintendence, Engineering, Etc.
(Lessees)F
6. InterestC

(MEq) Actual Cost of Equipment:

(Article IX)

1. Labor and Materials.....A
2. Real EstateD
3. Debt Discount and Expense.....C
4. TaxesC
5. Superintendence, Engineering, Etc.
(Lessees)A
6. InterestC

IV. In order to provide for a convenient, uniform and simple means of expansion, letters shall be used after the primary group designations as follows:

- A to denote Additions.
 X “ “ Extensions.
 R “ “ Replacements.

By means of these three letters in connection with the primary group designations and classifications can be provided, as, for example:

For Additions:

MAA—The Railroad.....	Cost of Construction
MBA.....	Cost of Equipment
MCcA—Existing Railroads.....	Cost of Construction
MCqA.....	Cost of Equipment
Etc., etc.	

DISTRIBUTION BY LINES AND LOCALITIES.

V. City Owned Lines (Groups A and B)

1. Broadway-Fourth Avenue.
2. Culver.
3. Fourteenth St.-Eastern.

Reconstruction Existing Railroads (Group C)

4. Brighton Beach, Church to Malbone.
5. Brighton Beach, Neptune to Culver.
6. Myrtle Avenue-Broadway Connection.
7. Myrtle Avenue-Fresh Pond Connection.
8. Sea Beach.
9. Coney Island Terminal.
10. Yards, Shops and Terminals.
11. Equipment.
12. Miscellaneous.
13. Fulton St. (other than Group D)
14. Broadway (other than Group D)
15. Myrtle Ave. (other than Group D)
16. Brighton Beach (General).
17. Lexington Avenue.
18. Fifth Avenue.
19. Canarsie.

Additional Tracks Elevated (Group D)

20. Fulton Street.
21. Broadway.
22. Myrtle Avenue.
23. East New York.

Elevated Extension (Group E)

24. Liberty Avenue.
25. Jamaica Avenue.

VI. Cost Groups

Apply to Lines

MA	} 1, 2 and 3.
MB		
MCc	} 4 to 19 incl.
MCq		
MDe	}20 to 23 incl.
MDq		
MEc	}24 and 25.
MEq		



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